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Letter dated 14 May 2010 from the Secretary-General addressed to the President of the Security Council

Pursuant to Security Council resolution 1031 (1995), I have the honour to convey the attached letter dated 7 May 2010, which I received from the High Representative for Bosnia and Herzegovina (see annex), transmitting the thirty-seventh report on implementation of the Peace Agreement, covering the period from 1 November 2009 to 30 April 2010.

I should be grateful if you would bring this letter to the attention of the members of the Security Council.

(*Signed*) **BAN** Ki-moon

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Please recycle

Annex

Letter dated 7 May 2010 from the High Representative for Bosnia and Herzegovina and European Union Special Representative addressed to the Secretary-General

Pursuant to Security Council resolution 1031 (1995), which requested the Secretary-General to submit to the Council reports from the High Representative in accordance with annex 10 of the General Framework Agreement for Peace in Bosnia and Herzegovina and the Conclusions of the London Peace Implementation Conference of 8 and 9 December 1995, I herewith present to you the thirty-seventh report (see enclosure). I would kindly ask for this report to be distributed to the members of the Security Council for their consideration.

This is my third report to the Secretary-General since assuming the office of the High Representative for Bosnia and Herzegovina (and European Union Special Representative) on 26 March 2009. The present report covers the period from 1 November 2009 to 30 April 2010.

Should you or any Council member require any information beyond what is offered in the attached report or have any questions regarding its contents, I should be pleased to provide further information.

(*Signed*) Valentin **Inzko**

Enclosure

Thirty-seventh report of the High Representative for Bosnia and Herzegovina

1 November 2009-30 April 2010

Summary

This report covers the period from 1 November 2009 to 30 April 2010. During the reporting period, there has been continued progress on addressing the conditions for visa liberalization with the European Union, and the European Commission presented its assessment in this regard to the Council of the European Union and the European Parliament in April. Furthermore, the North Atlantic Treaty Organization decided on 23 April, at its ministerial meeting in Tallinn, to accept Bosnia and Herzegovina's application for a Membership Action Plan, however, making this step conditional upon a resolution of the issue of immovable defence property. Bosnia and Herzegovina also became a non-permanent member of the United Nations Security Council as of 1 January 2010.

Otherwise, during the past six months all levels of authority in Bosnia and Herzegovina have made limited progress towards adopting and implementing long-needed reforms. Equally, challenges to the General Framework Agreement for Peace have continued.

It remains a matter of concern that legal and political actions against State institutions, competencies and laws, mainly by the Government of Republika Srpska and challenges to the authority of the High Representative and the Steering Board of the Peace Implementation Council have continued. In the build-up to the general elections in October 2010, divisive, anti-Dayton rhetoric disputing the sovereignty and constitutional order of Bosnia and Herzegovina have increased as have provocative actions that threaten earlier progress in coping with and overcoming the country's legacy of serious war crimes. In this respect, it is worrying that the Republika Srpska authorities have adopted a new Law on Referendum for the express purpose of holding a referendum challenging the authority of the High Representative. Furthermore, the Federation has also not met the obligations, under its Constitution, for an equal distribution among the three constituent peoples of six key positions in the entity's executive, legislative and judiciary institutions.

Only limited progress has been made towards meeting the outstanding requirements set by the Steering Board of the Peace Implementation Council for transition from the Office of the High Representative to a European Union presence. Owing to the inability of the Bosnia and Herzegovina Council of Ministers and State Property Commission to take appropriate action, the Office of the High Representative conducted and completed a State Property Inventory in December 2009. Progress on constitutional reform has likewise stalled, with the high-level political discussions ("Butmir process") initiated by the European Union and the United States ending in November without a breakthrough. Equally, the relevant

authorities have not managed to implement the December 2009 ruling of the European Court of Human Rights regarding the rights of minorities to stand for election and appointment to important State-level institutions, a ruling which requires amendments to the Bosnia and Herzegovina Constitution.

The European Union military mission in Bosnia and Herzegovina has continued to reassure citizens that the environment in the country remains safe and secure.

I. Introduction

1. This is my third report to the Secretary-General since assuming the post of High Representative for Bosnia and Herzegovina — as well as the post of European Union Special Representative — on 26 March 2009. In keeping with past practice, the present report assesses progress made towards attaining the goals outlined in previous reports, reviews developments during the reporting period, and provides my assessment of mandate implementation in the most important areas, not least the objectives and conditions which must be met before the transition from the Office of the High Representative to a European Union (EU) presence can be agreed. I have focused my efforts on facilitating progress in these areas, meeting my primary responsibility to uphold the Dayton Peace Agreement, but facilitating progress towards European integration as well. Regrettably, my efforts have largely been dedicated to addressing negative developments, in particular in a context marked by divisive legal and rhetorical actions against State institutions.

2. The successful election of Bosnia and Herzegovina to a non-permanent seat in the Security Council in 2010-2012 represents a milestone in the country's pursuit of its foreign policy ambitions and is an important recognition of the progress achieved in recent years. Equally, initial steps towards NATO membership and progress in addressing the conditions for visa liberalization set by EU also represent concrete steps forward. Finally, the regional situation has also continued to develop favourably, with Croatia, Montenegro, Serbia and Turkey all playing increasingly constructive roles vis-à-vis Bosnia and Herzegovina, which has contributed to improved relations in the region.

II. Political update

General political environment

3. Despite progress on the Euro-Atlantic agenda and improved relations in the region, the overall political climate in Bosnia and Herzegovina has continued to be negative. In the context of the forthcoming general elections in October 2010, the political atmosphere has deteriorated, having a negative impact on the delivery of still-outstanding reforms. Anti-Dayton activities have continued (specifically in relation to Annexes 2, 4 and 10 of the General Framework Agreement for Peace), and the use of nationalistic and intemperate rhetoric has increased. In particular, political leaders from Republika Srpska have questioned the sovereignty and sustainability of Bosnia and Herzegovina by underlining that the country is a "virtual State", sustained only by the presence of the international community, and, in particular, by referring to the possibility of the country's "peaceful dissolution" and the "emergence of a new State". The same authorities have also challenged the rulings of the International Criminal Tribunal for the Former Yugoslavia and the International Court of Justice that qualified as genocide the July 1995 massacres by Serbs of Bosniaks who had sought refuge in the United Nations-protected area of Srebrenica in July 1995.

4. In parallel, the Republika Srpska authorities have continued their challenges to the authority of the international community. On 21 January, the Republika Srpska Government challenged the authority of the Security Council, the Peace Implementation Council and the High Representative through a document entitled

"The High Representative's decision on extension of term of office to international judges and prosecutors is in contravention of the rule of law", together with a legal attachment entitled "Correction of the legal facts that have been wrongly presented by the Office of the High Representative and some Ambassadors of the Peace Implementation Council". The latter document denies the authority and powers of the High Representative as entrusted by the Security Council under Chapter VII of the Charter of the United Nations and questions the authority of the High Representative as the final authority in theatre regarding interpretation of the civilian implementation of the peace settlement. It also questions the legitimacy of the Peace Implementation Council.

5. On the other hand, the regional situation has continued to develop positively. Both the President of Serbia, Boris Tadic, and the newly elected President of Croatia, Ivo Josipovic, visited Bosnia and Herzegovina in April 2010, where they urged moderation, pressed for reconciliation and publicly supported the sovereignty and territorial integrity of Bosnia and Herzegovina.

6. On 30 March, Serbia's Parliament passed a landmark resolution condemning crimes committed in Srebrenica in July 1995, which represented an important step towards easing tensions between Bosnia and Herzegovina and Serbia. Turkey has also played an important role by holding trilateral talks with Croatia and Bosnia and Herzegovina on the one hand and Serbia and Bosnia and Herzegovina on the other. As a result, Belgrade granted *agrément* to Bosnia and Herzegovina's Ambassador-designate to Serbia, who was accredited in March 2010. Moreover, the "Istanbul Declaration" signed in late April by the Presidents of Serbia, Turkey and Bosnia and Herzegovina committed the three countries to improving their mutual relations and to supporting the territorial integrity and Euro-Atlantic integration prospects of Bosnia and Herzegovina.

The High Representative's decisions during the reporting period

7. In response to the High Representative's decision of 18 September 2009 related to the continued functioning of the State Electricity Transmission Company ("Transco") and the technical steps needed to complete the Brcko Final Award, the Republika Srpska Government and National Assembly adopted conclusions that declared those decisions null and void, illegal and a violation of the Dayton Peace Agreement (see S/2009/588, paras. 22 and 23). Notwithstanding this defiance, the Republika Srpska authorities subsequently accepted and adopted legislation pertaining to entity citizenship for Brcko residents that was in compliance with the text of my decision. Although they have been prompted to do so, the Republika Srpska authorities have so far failed to adopt amendments necessary to incorporate Brcko District into the electricity regulatory framework that covers the rest of the country. The relevant authorities in Republika Srpska have also refused to publish the High Representative's decisions in the entity's Official Gazette. These actions are in violation of the High Representative's authority under Annex X of the Dayton Peace Agreement and various Security Council resolutions, as well as the Republika Srpska Law on Governing the Official Gazette.

8. By December 2009, more than one year after local elections, the Mostar City Council had proved unable either to elect a mayor or to pass a 2009 budget, despite repeated admonitions by the Steering Board of the Peace Implementation Council and interventions by the Office of the High Representative to facilitate progress.

With unanimous support from the Ambassadors on the Steering Board of the Peace Implementation Council, the High Representative issued a decision on 14 December 2009 enacting amendments to the Statute of the City of Mostar. This resulted in the election of a Mayor and the adoption of a city budget on 18 December 2009.

9. As the mandates of international judges and prosecutors working in State-level judicial institutions were about to expire in late December, the High Representative used his executive powers on 14 December 2009 — again with unanimous support from the Steering Board of the Peace Implementation Council — to extend the mandates of international judges and prosecutors in the War Crimes Divisions of the State Court and the Prosecutor's Office of Bosnia and Herzegovina. Those decisions did not cover the mandates of the judges and prosecutors dealing with organized crime. Those decisions were a result of the failure of the relevant Bosnia and Herzegovina authorities to act in this regard or to provide for any domestic alternative to the international presence, despite requests from the Court and the Prosecutor's Office of Bosnia and Herzegovina going back more than two years before the High Representative's decisions. Although the decisions pertain only to the State-level criminal justice system, the Republika Srpska Government and National Assembly rejected those decisions and, as a result, approved measures calling for a referendum on the High Representative's powers.

10. In November 2009 and January 2010, the High Representative issued in total six decisions lifting bans on persons previously barred from being a candidate for elections or to hold any executive office at any level because of earlier obstruction of the General Framework Agreement for Peace.

Five objectives and two conditions for the closure of the Office of the High Representative

11. None of the remaining three objectives necessary for the closure of the Office of the High Representative was fully met during the reporting period. Although the Office completed the State Property Inventory and turned it over to State-level, entity and Brcko District governments in December 2009, the relevant authorities of the State, entities and Brcko District have not yet initiated any discussions on how to allocate State property. Moreover, the Republika Srpska Government has rejected the State Property Inventory. Despite the High Representative's repeated requests, the State-level and entity governments have also failed to produce any "self-assessment" of State property they would need for their effective functioning (Brcko District has responded). Instead, there have been threats at the State level, in the Federation and in Republika Srpska to address the State property question by taking unilateral steps.

12. There has likewise been limited progress in addressing the question of immovable defence property, on which the political leaders remain as divided as they are on the wider State property issue. However, there has been the promise of progress on destroying surplus ammunition, weapons and explosives. The Minister of Defence has applied for financial and technical assistance from the Government of the United States of America for the destruction of most small arms and all high-risk ammunition, mines and explosives. This represents concrete progress as regards the question of movable defence property.

13. In relation to Brcko District, notification to the Brcko Arbitral Tribunal that the entities have fulfilled their obligations under the Brcko Final Award remains on

hold. While the measures needed to incorporate Brcko into Bosnia and Herzegovina's legal and regulatory framework for electricity are in place and in force at the Bosnia and Herzegovina Federation and Brcko levels of authority, the Republika Srpska authorities have still not complied with the High Representative's decision of 18 September 2009. The Brcko Supervisor cannot certify completion of the Brcko Final Award until this matter is resolved.

State-level institutions

14. The Bosnia and Herzegovina Presidency has met regularly and adopted a 2010 budget of KM 1.365 billion, which was 1 per cent less than the 2009 budget. The Presidency also passed a Proposed Annual Platform on Intelligence-Security Policy; accepted a two-year extension of the mandate of the European Union Police Mission; started the procedure to appoint a judge to the European Court of Human Rights; tasked the Ministry of Defence with preparing information on implementation of the Agreement on Final Disposal of Rights and Obligations on Movable Property; and most recently approved a military mission to the NATO-led International Security Assistance Force mission in Afghanistan.

15. The Council of Ministers continued to meet regularly, adopting 13 sets of amendments to existing legislation, 2 of which were previously imposed by the High Representative, and 17 new laws. After months of delay, the Council of Ministers approved amendments to the Rule Book on Internal Organization and Staffing of the Ministry of Foreign Affairs relating to the Permanent Mission of Bosnia and Herzegovina to the United Nations. The Council of Ministers also adopted a revised strategy for implementation of Annex VII of the General Framework Agreement for Peace relating to refugee return, which awaits adoption by the Bosnia and Herzegovina Parliamentary Assembly. This is the second time the Council of Ministers has sent the Annex VII strategy to the Bosnia and Herzegovina Parliament for adoption. The Council of Ministers appointed a director of the Return Fund in April 2010.

16. In November 2009, the new Minister of Security was appointed. The appointment took place two months after the statutory time limit. However, the Council of Ministers has yet to make other long-pending appointments to key State-level agencies, namely, the Indirect Taxation Authority, the Communications Regulatory Agency, the State Electricity Transmission Company and the Coordinator for Public Administration Reform, even though the statutory deadlines have in some of these cases passed more than two years ago.

17. The Bosnia and Herzegovina Parliamentary Assembly adopted six laws and 21 amendments to existing legislation. Overall legislative work has continued to be adversely affected by the negative political environment.

Developments in the entities

18. As a response to the High Representative's decisions issued in December on extension of the international judges and prosecutors in the area of war crimes, the Republika Srpska Government submitted on 26 January a draft Law on Referendum and Civic Initiatives to the Republika Srpska National Assembly, which was adopted on 10 February. On 28 December, the Republika Srpska National Assembly had instructed the Government to call a referendum and to discuss its subject matter and scope. On 20 April, the Republika Srpska Constitutional Court rejected the Bosniak

invocation of "vital national interest" against the above-mentioned law. The Republika Srpska Prime Minister and other entity political leaders have since made it clear that their intention is to hold a referendum before the general elections in October, reportedly about the Dayton Peace Agreement and the right of the High Representative to use his executive powers.

19. Given the current political situation, a referendum on issues falling outside the constitutional competencies of Republika Srpska would constitute a serious challenge to Bosnia and Herzegovina's constitutional order and would likely be viewed by large segments of the public, as well as Federation-based political parties and organizations, as a prelude to secession. Under the domestic constitutional framework, no referendum can be conducted by an entity in a matter that does not fall within its constitutional competencies. The status and powers of the High Representative are matters arising under the Dayton Peace Agreement and international law, and, therefore, do not fall within the purview of Republika Srpska. Such a referendum would directly challenge Annex X of the Dayton Peace Agreement as well as the authority of successive Security Council resolutions.

20. In the Federation, political relations within the governing coalition deteriorated during the reporting period, owing in part to the belt-tightening required by the International Monetary Fund (IMF) and the angry response of veterans groups. Protests led by war veterans resulted in violent clashes with the police on 21 April 2010. Political relations between Croatia and Bosnia and Herzegovina also remained strained, with numerous vital positions in Federation institutions unfilled owing to disagreements over their respective representation and blockades of each other's economic projects. As a result, the post of Minister for Spatial Planning and several seats on the Federation Constitutional Court bench have remained vacant for months. The Federation Deputy Prime Minister also resigned and has yet to be replaced. Furthermore, the Federation has not met the obligations under its Constitution for an equal distribution among the three constituent peoples of six key positions in the entity's executive, legislative and judiciary institutions.

Constitutional reform

21. A number of initiatives were taken by international actors during the reporting period to facilitate a breakthrough on constitutional reform. However, the political leaders failed to make any concrete progress. The negotiations sponsored by the European Union and the United States of America ended in November 2009 with the parties' leaders still far apart. Subsequently, there have been no serious discussions on constitutional reform.

22. On 22 December 2009, the Grand Chamber of the European Court of Human Rights issued a much-anticipated ruling (on behalf of the Roma and Jewish communities) in the Sejdic-Finci case. The European Court found Bosnia and Herzegovina in violation of the European Convention on Human Rights because of racial discrimination stemming from the way in which it elects members of its Presidency and delegates to the House of Peoples. Following the ruling, in February 2010, the Council of Ministers and the Bosnia and Herzegovina Parliamentary Assembly established a working group tasked with proposing solutions to implement the above-mentioned ruling. The working group, however, failed to produce any concrete results, owing mainly to the diametrically opposed views of

the political leaders on the nature and scope of constitutional reform. In late April 2010, the Council of Ministers extended the mandate of the working group and instructed it to continue its work.

23. On 29 April 2010, the Parliamentary Assembly of the Council of Europe adopted a resolution which stated that Bosnia and Herzegovina must urgently launch an institutionalized process for preparing a comprehensive package of amendments to the Constitution — with a view to removing, in particular, constitutional discrimination against the so-called "others" as well as the members of three "constituent peoples" who do not reside in the entity where their ethnic group is largely represented. The resolution stressed that such a process — which should continue after the general elections — should involve domestic legal experts and draw on European expertise, including that of the Council of Europe's Venice Commission.

24. The general elections, scheduled for 3 October, were officially called on 5 May 2010 by the Bosnia and Herzegovina Central Election Commission. Owing to the failure of the Bosnia and Herzegovina authorities to implement the December 2009 ruling of the European Court of Human Rights, those elections will take place according to the current Constitution of Bosnia and Herzegovina and the election law, which are in breach of the European Convention on Human Rights.

III. European partnership priorities and visa liberalization

25. There has been limited progress in addressing the European Partnership priorities during the reporting period. While the Council of Ministers adopted 11 laws that stemmed from Bosnia and Herzegovina's European Partnership Action Plan or were conditions of the Stabilization and Association Agreement, the Bosnia and Herzegovina Parliamentary Assembly enacted only 4 such laws.

26. The Council of Ministers finalized the appointment procedures stemming from the April 2008 police reform laws when it appointed the director and deputy directors of the new Directorate for Coordination on 9 March 2010. The Council of Ministers also selected a new Coordinator for European Community Assistance on 8 April 2010.

27. The Law on a Population Census for 2011, an important European Partnership priority, was rejected by the Bosnia and Herzegovina Parliamentary Assembly. An ad hoc parliamentary committee charged with preparing a draft law failed to reach a compromise agreement in April. Instead, the Republika Srpska Government adopted its own entity census law on 15 April 2010. The proposed law, which has yet to be debated in the Republika Srpska National Assembly, calls for a census to take place between 1 and 15 April 2011. The European Commission has made it clear that it will accept only a State-wide census law for European integration purposes and that an entity census would have no relevance in this regard.

28. Reforms designed to ensure a single economic space and which are also part of the European Partnership priorities, including the adoption of a single law on obligations and the establishment of a single system of banking supervision, remain blocked.

29. There has been significant progress in meeting the conditions of the visa liberalization road map. The European Commission presented its assessment in this

regard to the European Parliament's Committee for Civil Liberties, Justice and Home Affairs and the Council of the European Union in April. According to the European Commission, it appears that Bosnia and Herzegovina meets most of the benchmarks set by the visa road map. The country has issued around 115,000 biometric passports as of 9 April 2010. The authorities have also adopted the Law on the Agency for the Prevention of Corruption and the Coordination of the Fight against Corruption, and the Law on Amendments to the Criminal Code of Bosnia and Herzegovina. However, further progress is required, in particular in relation to strengthening the capacities of law enforcement agencies and the effective implementation of the legal framework, and in implementing the action plan for the electronic data exchange between police and prosecution bodies. The harmonization of the entity level and Brcko District criminal codes with those of the State level is also necessary. Provided that the necessary conditions are met, the European Union institutions might decide on granting visa-free access for the citizens of Bosnia and Herzegovina in the second half of 2010.

IV. Public administration

30. During the reporting period, there was limited progress in the reform of public administration, and the civil service remains a target for attempts by political leaders to permit greater control over relevant appointments. The Bosnia and Herzegovina Public Administration Reform Strategy and its various action plans remain only partially implemented. A new Public Administration Reform Coordinator has not been appointed.

31. In February 2009, the Federation Constitutional Court ruled that the West Herzegovina Canton Law on Civil Servants, which would establish a separate civil service in that canton, was constitutional. The Federation President then filed a legal challenge against the Federation Civil Service Law before the Federation Constitutional Court, which is due to announce its decision on 13 May 2010. This court ruling presents a risk that the unified Federation civil service could fragment into 11 separate civil services, and would thus represent a rollback of the civil service and public administration reforms that have been agreed by the State-level, Federation, Republika Srpska and Brcko District authorities.

32. The Republika Srpska National Assembly adopted legislation abolishing the institution of the Republika Srpska Ombudsman on 23 December 2009. This cleared the last major obstacle for the Bosnia and Herzegovina Ombudsman's Office to become fully operational. However, the law also foresees the establishment of an Office of the Republika Srpska President for Citizens' Appeals and Complaints, which would assume some of the responsibilities and staff of the Republika Srpska Ombudsman.

V. Entrenching the rule of law

National War Crimes Prosecution Strategy

33. The collection of data on outstanding war crimes cases commenced during the reporting period, albeit after considerable delays. The central database developed for the Bosnia and Herzegovina Prosecutor's Office is currently being expanded to

include all data collected from the entire country. With technical support from the Bosnia and Herzegovina High Judicial and Prosecutorial Council, the final database will be under the authority of the Bosnia and Herzegovina Prosecutor's Office. On 13 April, the Supervisory Board overseeing the implementation of the National War Crimes Prosecution Strategy received the complete list of war crimes cases opened in Bosnia and Herzegovina as of March 2010. A total of 1,381 cases, involving 8,249 suspects, are currently under investigation. In addition, there are another 1,863 reported cases and some 350 reported cases against unknown perpetrators that are not currently being investigated. The next step will centre on analysing the compiled information in order to define concrete criteria for the prioritization of cases, and then the distribution of cases between the State and entity jurisdictions will be decided. On 9 April 2010, relevant representatives of the courts and prosecutors' offices in Bosnia and Herzegovina warned that the lack of staff, office space and budgetary support could undermine the implementation of the National War Crimes Prosecution Strategy.

34. With regard to the second identified priority of the National War Crimes Prosecution Strategy — regional cooperation on prosecuting war crimes — the Bosnia and Herzegovina Chief Prosecutor has started preparing a draft memorandum of understanding on the sharing of evidence, which would be signed with neighbouring countries.

35. The Ministers of Justice of Bosnia and Herzegovina, Croatia and Serbia signed amendments to the existing Agreements on Mutual Enforcement of Court Decisions in Criminal Matters in February 2010. Those amendments are designed to address the problem of dual citizens sentenced in one country escaping to a neighbouring country where they have citizenship to avoid serving their sentence. The amendments should enable criminal sentences to be served in the country to which convicted persons have escaped and have established residence. The Bosnia and Herzegovina Minister of Justice has also signed amendments to the Agreement on Legal Aid in Civil and Criminal Matters between Bosnia and Herzegovina and the Republic of Serbia in order to enact the principles upon which the conflict of jurisdictions in respect to war crimes could be resolved between the two countries.

36. However, the arrest on 1 March 2010 of Ejup Ganic, a former member of the Bosnia and Herzegovina war time Presidency, by authorities in the United Kingdom of Great Britain and Northern Ireland, pursuant to an extradition request made by Serbia in relation to his alleged involvement in the so-called "Dobrovoljacka Street" case,[1] showed that the newly signed amendments to the bilateral agreement did not offer instruments to avoid such cases. It also highlighted once again the need for a regional and coordinated approach to the question of criminal proceedings in war crimes cases.

National Justice Sector Reform Strategy

37. By the end of 2009, only 30 per cent of the requirements of the National Justice Sector Reform Strategy had been met. The third ministerial conference on

[1] The case carries the contemporaneous name of the Sarajevo street where the event took place. It is reported that on 3 May 1992, a Yugoslav People's Army convoy was attacked by the Bosnia and Herzegovina territorial defence, police forces and paramilitary units while withdrawing from Yugoslav People's Army military bases in Sarajevo and that the attack resulted in number of casualties.

the implementation of the National Justice Sector Reform Strategy, held on 22 December 2009, confirmed the failure of the signatories to enforce their commitment to ensure "coordinated monitoring of key reform initiatives of joint interest for the justice sector in Bosnia and Herzegovina". As a result, a technical secretariat was established to assist the Bosnia and Herzegovina Ministry of Justice to meet its coordination role. The Ministry of Justice also signed a memorandum of understanding with five civil society associations in order to reinforce their monitoring role of the implementation of the strategy. Given the low level of implementation, on 12 January 2010, the European Union delegation, the Organization for Security and Cooperation in Europe, the United States of America, the Council of Europe and the High Representative signed a letter to the relevant authorities urging them to improve implementation of the Strategy.

Other rule of law issues

38. Following the failure by the Bosnia and Herzegovina Parliamentary Assembly to adopt the required amendments requested by the Court and the Prosecutor's Office, as well as the International Tribunal for the Former Yugoslavia, on 14 December 2009, the High Representative enacted amendments to the Law on the Court of Bosnia and Herzegovina and to the Law on the Prosecutor's Office of Bosnia and Herzegovina. The presence of international judges and prosecutors working on war crimes cases in the State-level judicial institutions was thereby extended for a further three years. The decision also urged the relevant authorities to prepare in advance for the nationalization of those positions. However, the High Representative's decision did not cover the extension of the mandates of international judges and prosecutors in the organized crime, economic crime and corruption departments. It was agreed instead that internationals might serve as advisers in these sectors. However, the High Representative's decisions were unable to prevent the departure of a number of international prosecutors, judges and legal assistants whose contracts had expired earlier in the year. In order to support such a presence, the Office of the High Representative convened international donors' meetings on 21 December 2009 and 16 February 2010. Of the original €8.5 million budget announced by the Registry of the Court and of the Bosnia and Herzegovina Prosecutor's Office in December 2009, pledges amounted to some €6.4 million by March 2010. The mandates of the six international judges working on war crimes were prolonged on 28 January 2010. On 17 February 2010, the High Judicial and Prosecutorial Council appointed one already serving international prosecutor to the Prosecutor's Office War Crimes Department and added three new international prosecutors on 30 March 2010. Also in March 2010, the Registry recruited all the other budgeted international positions: organized crime advisers, war crimes investigators and legal officers.

39. Another problem affecting the judiciary is the ongoing failure to appoint three judges to the Federation Constitutional Court, which is preventing the Court from ruling on vital national interest cases. As prescribed by law, the High Judicial and Prosecutorial Council conducted the procedure for filling those vacancies and proposed a list of candidates to the Federation President for her subsequent nomination. Under the Federation Constitution and the Law on the High Judicial and Prosecutorial Council, the Federation President may nominate candidates only from the list proposed by the High Judicial and Prosecutorial Council. However, the incumbent President continues to challenge the role of the High Judicial and

Prosecutorial Council in the process of selecting and proposing candidates. This appointment procedure has been stalled since November 2008, and there are no prospects of resolving this impasse anytime soon.

40. As required by the International Monetary Fund's (IMF) Stand-by Arrangement for Bosnia and Herzegovina, the salaries of judges of the Federation Constitutional Court and Federation Supreme Court, as well as of prosecutors in the Federation Prosecutor's Office, have been cut by 10 per cent. Given that the Federation Constitution prohibits the reduction of judicial salaries and other emoluments during a judge's term, this issue is likely to remain controversial. Those cuts were not specified by IMF, and those affected are likely to seek legal redress.

41. On 19 November 2009, the Administrative Council of the Council of Europe Development Bank approved a loan of €19.3 million to Bosnia and Herzegovina for the construction of a State prison, the total cost of which is expected to amount to €39.6 million. The prison is set to open in October 2012. The construction of a State prison is crucial for resolving at least a part of the problem of substantial backlogs in the execution of criminal sanctions. The problem is most acute in the Federation, where it is estimated that approximately five years can elapse between the pronouncement of a final and binding conviction and actual imprisonment in cases where sentences are for less than five years. In recent months, the Federation Ministry of Justice has tried to tackle this problem by increasing prison capacities and by planning to introduce an electronic supervision system (house arrest) for persons receiving short-term sentences of up to one year, as well as for those granted conditional release for extended periods. The requisite amendments to the Federation Criminal Code and the Federation Law on the Execution of Criminal Sanctions were adopted by the Federation Government on 14 April 2010.

VI. Cooperation with the International Tribunal

42. The Chief Prosecutor is scheduled to report to the Security Council in June 2010 regarding Bosnia and Herzegovina's cooperation with the Tribunal. However, the arrest of Ratko Mladic remains outstanding, and degrading his support network inside Bosnia and Herzegovina remains the top priority for those international and national elements working on the issue. This highlights the fact that more attention should be paid to the still-existing support networks behind persons indicted for war crimes in order to ensure that they do not regain their former strength. The Office of the High Representative is supporting those efforts.

43. The trial of Radovan Karadzic, which resumed on 1 March 2010, has continued to attract a wide coverage in the media in Bosnia and Herzegovina as well as abroad. The resumption of the Karadzic trial on the same day that Ejup Ganic was arrested in London amplified domestic media coverage and ensured mutually divergent commentary.

44. Former wartime commander of the Army of the Republic of Bosnia and Herzegovina and former Federation Army commander, General Rasim Delic, died on 16 April 2010. In a first instance verdict at the Tribunal, against which he had appealed, Delic was sentenced to three years' imprisonment. Delic was subsequently buried in Sarajevo with full military honours and in the presence of high-level Bosniak dignitaries and uniformed, active duty members of the Armed Forces of Bosnia and Herzegovina. The military honours and use of the premises of the Armed

Forces of Bosnia and Herzegovina for the funeral resulted in strong criticism from the international community and the Bosnian Serbs.

45. Republika Srpska authorities, led by the Prime Minister, have continued with statements and actions intended to question well-documented war crimes, such as the genocide in Srebrenica, calling into question an official report of the Republika Srpska that was issued as a requirement of a binding decision of the Human Rights Chamber related to Srebrenica. These statements intensified after the Serbian Parliament adopted its resolution on Srebrenica. The Republika Srpska authorities and non-governmental organizations also have attempted to hamper the work of the Bosnia and Herzegovina Missing Persons Institute.

46. Radovan Stankovic, who escaped from prison in Foca in May 2007, remains at large. No serious measures have been undertaken to locate him and to bring him back to serve his sentence. Stankovic's trial was the first case of the Tribunal to be transferred to the Court of Bosnia and Herzegovina, where he was convicted of crimes against humanity and sentenced to 20 years' imprisonment. The Court of Bosnia and Herzegovina recently convicted Stankovic's brother and two medical officials for abetting his escape. No actions have been taken against any guards or other officials in the prison administration of the time.

47. The European Union renewed its restrictive measures (travelling restrictions and economic sanctions) in relation to non-cooperation with the Tribunal in March 2010. These sanctions remain in force until March 2011.

VII. Reforming the economy

48. A comparison of Bosnia and Herzegovina's economic indicators for 2009 with those for 2008 confirms that the economic situation is difficult. The growth in gross domestic product in 2009 was negative and estimated at -3 per cent,[2] exports decreased by 17.6 per cent and imports by 24.2 per cent.[3] The number of officially registered unemployed is at 43 per cent[4] of the working population, and foreign direct investments in 2009 dropped by 18 per cent compared with 2008 and by 80.6 per cent compared with 2007.[5] In the period from January to November 2009, there was also a decrease in the entity revenues, by 8.2 per cent in the Federation and by 15 per cent in Republika Srpska compared with the same period in 2008.[3] Last year showed a 5.1 per cent increase in the average net salary (€404) and a 3.7 per cent increase in the average pension (€172).[3] Furthermore, industrial production dropped in the Federation by 11.6 per cent, but it increased in Republika Srpska by 19 per cent.[5]

49. A Stand-by Arrangement with IMF has helped avert the country's looming financial crisis. On 24 March 2010, the IMF Executive Board completed the first review of Bosnia and Herzegovina's economic performance under the Stand-By Arrangement and approved the immediate disbursement of both the second and the third tranches of IMF funding. This totalled €138.4 million, with the Federation receiving two thirds and Republika Srpska one third of funding. Moreover, on

[2] Central Bank of Bosnia and Herzegovina.

[3] Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina.

[4] Statistics Agency of Bosnia and Herzegovina.

[5] Directorate for Economic Planning of Bosnia and Herzegovina.

8 April 2010, the Board of Executive Directors of the World Bank approved a Development Policy Operation for Bosnia and Herzegovina in the amount of $111 million, which is intended to provide budget support to accelerate the implementation of priority public expenditure reforms. The approval of the World Bank funds and the IMF disbursement reflects the progress made in meeting the country's commitments to both institutions. The Federation, however, still faces acute political difficulties in properly implementing the agreed conditions.

50. As for the economic reform agenda, the Governing Board of the Indirect Taxation Authority has repeatedly failed to agree on new indirect tax revenue allocation coefficients and has not performed the temporary and final rebalancing of collected and distributed indirect tax revenues. Both obligations, coefficients and rebalancing, are explicitly required by the Rulebook on Methodology for the Allocation of Indirect Taxes that was adopted on 24 June 2008. There has likewise been no agreement within the Council of Ministers on the appointment of a new Director of the Authority, although the mandate of the incumbent expired on 8 December 2008. On the other hand, on 24 November 2009, the Indirect Taxation Authority Governing Board agreed on a temporary methodology for the allocation of road toll tax revenues,[6] thus finally unblocking over €28 million from the Single Account.

51. During the reporting period, the Bosnia and Herzegovina Fiscal Council endorsed the establishment of two bodies relevant to the IMF Stand-By Arrangement and approved the distribution of the IMF Special Drawing Rights funds between the entities. It also agreed on the manner of allocation of European Union macrofinancial assistance worth €100 million.[7]

52. The settlement and transfer of the previously distributed SFRY succession funds was completed on 31 March 2010 in line with the High Representative's Decision of 18 September 2009, when the Law on the Distribution, Purpose and Use of Financial Assets Obtained under Annex "C" to the Agreement on Succession Issues was enacted.[8] This Decision was triggered by the Bosnia and Herzegovina Fiscal Council's conclusion of 6 March 2009 providing for the distribution of more than €87 million to the entities without a proper legal basis and depriving the State and the Brcko District of any share, compounded by the failure of the relevant authorities to address those problems by the 15 September 2009 deadline set by the Peace Implementation Council's Steering Board on 30 June 2009.

53. In the energy sector, there have been no major developments since the High Representative's decision of 18 September 2009, which was enacted in response to

[6] The temporary methodology foresees that 10 per cent of total road toll tax revenues be allocated for reserves, with the rest being allocated to the Federation (59 per cent), Republika Srpska (39 per cent) and Brcko District (2 per cent). In the event of a difference between the permanent and temporary methodologies, the 10 per cent reserve will be used for debt settlement.

[7] According to the Fiscal Council's agreement of 1 April 2010, 10 per cent would be allocated to the institutions of Bosnia and Herzegovina, 60 per cent to the Federation and 30 per cent to Republika Srpska.

[8] According to the decision, 17,089,284.11 KM was reallocated to the institutions of Bosnia and Herzegovina and 5,126,785.23 KM was reallocated to the Brcko District from the Single Account.

the plans of Republika Srpska[9] to dissolve the existing State Electricity Transmission Company. This posed a threat not only to the company itself but also to electricity transmission in the entire territory of Bosnia and Herzegovina and between the country and its neighbours. The High Representative's decision is now being fully complied with in practice, and the management structures of the State Electricity Transmission Company have been restored, as required. However, the decision-making in the company remains effectively blocked. As a result, there are no investments in the electricity transmission grid, although funds are available in this regard.

54. On a more positive note, the country's banking sector appeared stable during the reporting period and should be further strengthened as a result of the recent decision of the European Bank for Reconstruction and Development to provide a credit line of €50 million to the Bosnia and Herzegovina Deposit Insurance Agency.

55. The State and entity budgets for 2010 were adopted before the end of 2009. However, both the State and entities may struggle to meet all their commitments due to the continuing shortfall in revenues.

VIII. Return of refugees and displaced persons

56. There are still about 117,000 persons registered as internally displaced, more than 7,000 of whom live in poor conditions in collective centres. Some of the internally displaced have lived in such conditions for over 15 years.

57. During the reporting period, the Council of Ministers re-adopted the revised Strategy for the Implementation of Annex VII of the Dayton Peace Agreement. The Bosnia and Herzegovina House of Representatives has also endorsed the strategy, and it is currently awaiting adoption in the Bosnia and Herzegovina House of Peoples. The draft strategy provides a basis for the resolution of problems of displaced persons, which still are serious. It would provide for the development of return programmes for refugees and displaced persons and open up the possibility to address the needs of those who cannot or do not want to return to their pre-war homes.

58. The Office of the United Nations High Commissioner for Refugees remains the lead international agency in the refugee sector in Bosnia and Herzegovina. The Office of the High Representative will continue to support its efforts to ensure full implementation of Annex VII.

IX. Mostar

59. By December 2009, which is more than a year after the municipal elections, the Mostar City Council had yet to elect a Mayor or to adopt a budget for 2009. As a result, the High Representative was compelled to issue a Decision Enacting an Amendment to the Statute of the City of Mostar, which ensured the possibility of

[9] The "Special Conditions for Electricity Transmission in the Republika Srpska" aims at illegally delegating all sole responsibilities of Transco to its Banja Luka, Sarajevo and Mostar operational centres (three out of four), thus de facto instructing them to act as independent electricity transmission companies whose areas of responsibility do not cross the IEBL.

electing a Mayor in all future third rounds of voting, and, exceptionally, empowered the Mayor to proclaim the budget if the City Council failed to adopt it in a timely manner.

60. As a consequence, the Mostar City Council re-elected (by a simple majority) a new Mayor of Mostar on 18 December 2009. When the Mostar City Council failed to approve a budget, the new Mayor — also pursuant to the High Representative's decision — used his new authority to proclaim the 2009 city budget on 23 December 2009. With the Mayor elected and the budget adopted, the city's trade unions ended the strikes that had been crippling city services, which soon returned to normal. By the end of the reporting period, the Mostar City Council had still not adopted an annual budget for 2010, although the deadline for doing so had expired on 31 March.

61. Despite the many obstacles that have been encountered in the last 18 months, and on the basis of the progress above, the High Representative decided in March that progress in Mostar had been sufficient to permit closure of the Office of the High Representative in Mostar from 30 June 2010. The Office of the High Representative will, however, maintain a three-person team in Mostar, charged with monitoring developments in Mostar and the region.

X. Brcko District

62. As underlined by the High Representative in his previous report, the failure of the State and entities to meet their obligations arising from the Brcko Final Award made it necessary for him to enact amendments to several pieces of legislation relating to Brcko on 18 September 2009. For their part, the State and entities were required to assent by publishing these decisions in their respective official gazettes. Authorities of the State, the Federation and the Brcko District complied with their obligations, but the Republika Srpska authorities did not. As a result, the Brcko District Supervisor has not been able to certify that the entities have fulfilled their obligations arising from the Arbitral Awards and, thus, he has not been able to proceed with the final steps leading to termination of supervision by the Peace Implementation Council Steering Board. By the end of the reporting period, the Republika Srpska authorities had yet to fulfil the remaining condition related to electricity and unblock the State Electricity Regulatory Commission.

63. The above-mentioned amendments on electricity stipulate that both entity electricity producers have an equal obligation as a public service to supply electrical power to the Brcko District. The share that each producer supplies to Brcko is a matter of agreement, but if none is made by the end of October of any given year, then a default supply ratio of 50:50 becomes operative. Since Republika Srpska did not publish the High Representative's decision in the entity official gazette or recognize the law, no agreement was reached to this effect for 2010, and the default 50:50 option took effect. In this regard, the Republika Srpska electricity provider would provide power to the District from January through June 2010, to be taken over by the Federation counterpart from July onwards. The Brcko Supervisor has continued discussions with the Republika Srpska authorities on the matter, as there appears to be agreement in principle on most issues. In the meantime, Republika Srpska remains in non-compliance with the Brcko Final Award.

64. On a more positive note, after initially rejecting the law, the Republika Srpska authorities adopted in February the Republika Srpska Law on Amendments to the Law on Citizenship in the identical form as the High Representative enacted it on 18 September 2009. Republika Srpska authorities have since prepared further amendments to this legislation, which should come into effect in the second half of May 2010. They set out the specific means by which Brcko residents can exercise their right to declare or change their entity citizenship. The Federation has meanwhile failed to follow suit, even though it had more time to enact the necessary amendments. In combination, these delays mean that Brcko District residents will not have to wait to exercise their right to declare or change their entity citizenship. Entity citizenship is a requirement for District residents to vote for candidates running for State and entity offices in the October general elections.

65. The political situation in Brcko District has remained relatively stable over the reporting period. The all-party "concentration" government in the District had a good start, not least owing to the introduction of a coordination body that was established through a post-election political party agreement designed to facilitate political agreements on all major issues. Efforts have continued to ensure that Brcko's institutions will be able to "function effectively and apparently permanently" after the end of supervision. During the reporting period, the Supervisor enacted four Supervisory Orders. Of these, three were of a technical nature, one amending an earlier Supervisory Order, and two amending the Statute of the Brcko District and a related piece of legislation needed to reflect the adoption of Amendment I to the Bosnia and Herzegovina Constitution, which ensures the Brcko District's effective access to the Bosnia and Herzegovina Constitutional Court.

66. Moreover, with the aim of ensuring the equality of all constituent peoples in Brcko District and encouraged by the agreement reached in November 2009 between all political parties and representatives of relevant associations of victims and war veterans, the Supervisor enacted a Supervisory Order on Monuments which facilitates and regulates the erection of a monument for fallen soldiers of the Army of the Republic of Bosnia and Herzegovina and one for the Croat Defence Council, as well as a monument dedicated to all civilian victims of war. All agreed that the existing monument to the Army of the Republika Srpska would remain.

67. During the reporting period, the Brcko District Judicial Commission, with the aim of implementing obligations stemming from the State War Crimes Strategy, issued a decision terminating the application of the ex-Yugoslav Criminal Code, replacing it with provisions from the Bosnia and Herzegovina Criminal Code relating to war crimes and related criminal offences committed in the jurisdiction of Brcko District. Two indictments for war crimes were raised under these new provisions during the reporting period.

68. The Bosnia and Herzegovina Indirect Taxation Authority reported that KM 30.11 million had been allocated to Brcko District for the period January-March 2010. This represents a 3.6 per cent increase compared with the same period last year and roughly 22 per cent of the projected revenues in the Brcko District budget for 2010. The average salary in Brcko District has increased by 8 per cent, standing at KM 790 per month.

69. As far as Brcko District is concerned, implementation of the High Representative's decision enacting the Law on the Distribution, Purpose and Use of

Financial Assets Obtained under Annex "C" to the Agreement on the Succession Issues has been completed. The Bosnia and Herzegovina Indirect Taxation Authority has transferred KM 5.1 million to the District from the Single Account. As regards the settlement of mutual debts between Brcko and the entities, Brcko District signed a protocol with the Republika Srpska Health Insurance Fund in February 2010. No similar protocol with the Federation has been signed as yet.

XI. Defence reform

70. The interest of NATO in progress made by Bosnia and Herzegovina remained high throughout the reporting period. NATO representatives discussed Bosnia and Herzegovina's application for a Membership Action Plan in both December 2009 and in April 2010. Before the latter discussion, the NATO Secretary General, accompanied by the permanent representatives of member States in the North Atlantic Council, visited Sarajevo on 23 March 2010. The visitors pressed the respective authorities to deliver more progress ahead of the informal meeting of NATO Foreign Ministers in Estonia on 22 and 23 April 2010, at which Bosnia and Herzegovina's application for the NATO Membership Action Plan was due to be reviewed.

71. In April 2010, the Bosnia and Herzegovina Presidency duly approved the deployment of a static security unit to ISAF as part of the Danish contingent in Regional Command South and tasked the Bosnia and Herzegovina Minister of Defence to send a letter of intent to NATO military headquarters. Meanwhile, the Bosnia and Herzegovina Minister of Defence applied for financial and technical assistance from the Government of the United States of America for the destruction of all quantities of small arms and high-risk ammunition, mines and explosives, representing a significant percentage of the surplus ammunition to be destroyed. Yet, on the third issue of interest to NATO — resolution of prospective immovable defence property — Bosnia and Herzegovina's political leaders remained as divided as they have long been on the wider State property issue.

72. Therefore, while NATO Foreign Ministers decided at the summit in Tallinn on 22 April 2010 to offer Bosnia and Herzegovina the Membership Action Plan, they conditioned the start of the country's first Annual National Programme on the achievement of an appropriate solution regarding immovable defence property, signifying that all such properties identified as necessary for future defence purposes must be officially registered as property of the State for use by the Bosnia and Herzegovina Ministry of Defence. This important decision came after Bosnia and Herzegovina had reached the end of its first two-year Individual Partnership Action Plan cycle in December 2009. Bosnia and Herzegovina had completed and submitted an Individual Partnership Action Plan self-assessment document to NATO for 2010-2012 during April 2010.

XII. Intelligence reform

73. The leadership of the Intelligence-Security Agency of Bosnia and Herzegovina continued its efforts to consolidate the Agency, actively assisted by the Bosnia and Herzegovina Parliamentary Committee for Oversight of the Intelligence-Security Agency of Bosnia and Herzegovina. During the reporting period, the Council of

Ministers and the Bosnia and Herzegovina Presidency made small improvements in their executive control over the Agency, as seen by the timely adoption of its Annual 2010 Intelligence-Security Policy Platform (a set of annual policy guidelines for the work of the Agency).

74. The Joint Parliamentary Committee for the Oversight of the Intelligence-Security Agency of Bosnia and Herzegovina has carried out its responsibilities in a competent and informed manner. However, the subsequent discussions in the Bosnia and Herzegovina Parliamentary Assembly on the Annual 2010 Intelligence-Security Policy Platform showed that the allegiance to the State remained weak. The Policy Platform of the Agency has yet to be adopted by the Bosnia and Herzegovina Parliamentary Assembly.

75. On 22 April 2010, the Council of Ministers agreed to extend the mandates of the three Directors of the Agency for a final four-year term.

XIII. European Union military force

76. The European Union military mission in Bosnia and Herzegovina (EUFOR) continued to provide a military force of some 2,000 personnel and retained the capacity to bring in over-the-horizon reserves. Its headquarters and peace-enforcement capability remained based in the Sarajevo area, but liaison and observation teams continued to be present throughout the country. The presence of EUFOR in the field provided crucial reassurance that citizens in general still feel to be necessary. Given the difficult political environment, it remained important that EUFOR retained the capacity to deploy troops throughout Bosnia and Herzegovina at short notice. EUFOR also continued to work closely with the Bosnia and Herzegovina Armed Forces.

77. EUFOR continued to play a key role in contributing to a safe and secure environment that, in turn, helped the Office of the High Representative and other international organizations to fulfil their respective mandates. As such, EUFOR continued to serve as an important factor of stability in the country. On 25 January 2010, the European Union decided to start capacity-building and training support to the Bosnia and Herzegovina Armed Forces while underlining its commitment to the country's efforts to maintain a safe and secure environment. The Council of the European Union also expressed its readiness, should the situation so require, to maintain an executive military deployment, under a United Nations mandate, beyond 2010 to support the efforts of Bosnia and Herzegovina to maintain a safe and secure environment. The High Representative considers it important for EUFOR to retain an executive mandate for at least some months after transition from the Office of the High Representative to a reinforced European Union presence. The European Union Special Representative has continued to offer political guidance and support to the EUFOR mission.

XIV. European Union Police Mission

78. Under its new mandate, the focus of the European Union Police Mission has shifted to the fight against organized crime. The Police Mission retains a residual capacity for the implementation of police reform measures, including the long-

standing initiative of securing greater budgetary and legal independence for police directors and commissioners from the respective Ministries of Interior. The joint efforts of the Office of the High Representative and the European Union Police Mission in this area have continued during the reporting period, with a focus on working with the Federation, cantonal and Republika Srpska authorities on their respective internal affairs laws.

XV. Decertified police officers

79. In January 2010, the Republika Srpska National Assembly adopted the Republika Srpska Law on Police Officials, which, inter alia, regulates the issue of persons denied certification by the International Police Task Force in line with the letter of the President of the Security Council of April 2007. In April 2010, the Republika Srpska Constitutional Court ruled against challenges to certain provisions in the law not related to the provisions on persons denied certification that had prevented the law from coming into force. This ruling has cleared the way for the law to enter into force upon official publication, at which point Bosnia and Herzegovina will have completed the final step in implementing the requirements set out in the above-mentioned letter of the President of the Security Council.

XVI. Media developments

80. The reform of the public broadcasting system continued to proceed slowly. Owing to the continuing lack of political support for the creation of a unified system, cooperation among the three public broadcasters remains poor. Many elements of the State-level public broadcasting system legislation, which was adopted four years ago, have still not been put into effect. The Board of the public broadcasting system has yet to adopt a statute or register the system's corporation (which is responsible for streamlining the activities of the three broadcasters).

81. The Communications Regulatory Agency, which is responsible for regulating the telecommunications and electronic media sectors, remains in a difficult position as a result of the continuing failure of the current authorities to appoint either its Council or general director. Not for the first time, the Council of Ministers has allowed party-political interests and wrangling to take precedence over the public interest in having functional institutions. As a result, the Agency has had an acting general director for more than two years. The delays in these appointments have already had a negative impact on the functioning of the Agency, particularly as a number of decisions prepared by it have been put on hold by the Council of Ministers.

82. In terms of media freedom, the reporting period has been characterized by numerous assaults on that ideal on the part of political parties. On 4 April 2010, the High Representative issued a public statement warning officials that it was essential for the media "to report freely, accurately, and fairly from all parts of the country". Of particular alarm are efforts led by elected officials to deny certain media access to information or to influence their editorial policies. Both the Organization for Security and Cooperation in Europe Representative on the Freedom of the Media and the European Parliament have both repeatedly expressed their concern over the

media situation in Bosnia and Herzegovina. In the recent report of Freedom House, Bosnia and Herzegovina is ranked 97 among 195 countries in the table of Global Press Freedom.

XVII. European Union Special Representative

83. The European Union Special Representative has continued to coordinate the various missions of the Union on the ground. In line with his mandate, the EU Special Representative has offered local political guidance to EUFOR and the European Union Police Mission. In addition, the European Union Special Representative, together with the EU delegation, has organized the European Union Task Force meeting with the relevant Bosnia and Herzegovina authorities with the aim of facilitating EU-related reforms.

84. The EU Special Representative, in particular, in the light of the forthcoming general elections and the election campaign that will precede it, has intensified his efforts during the reporting period to reach out to parliamentarians, political parties, media, civil society and non-governmental organizations, social partners, as well as young people in order to promote Bosnia and Herzegovina's EU perspective. The EU Outreach Programme, which entered its third phase in the autumn 2009, aims at broadening and deepening the domestic debate on EU-related issues, as well as fostering active domestic support for the country's integration into the EU. In addition to continuing the Parliament for Europe project and a wide range of other activities with the electronic and print media, in February 2010, the EU Special Representative started cooperation with a civic network of 34 non-governmental organizations from across the country to engage political parties in dialogue sessions advocating major reforms from the EU agenda.

85. In April 2010, the EU Special Representative, together with other EU heads of mission, launched a tour of municipalities in order to raise the profile of EU issues in the run up to the general elections in October. These activities reflect a newly adopted EU communication strategy encompassing all EU actors on the ground and which aims to ensure coherent and consistent EU messages to the public of Bosnia and Herzegovina.

86. The EU Lisbon Treaty entered into force on 1 December 2009. As a consequence, the European External Action Service is being developed by the relevant EU institutions.

XVIII. Bosnia and Herzegovina and the region

87. Bosnia and Herzegovina's relations with its immediate neighbours, Croatia, Montenegro and Serbia, have improved during the reporting period. The President of Serbia has repeatedly made constructive statements supporting Bosnia and Herzegovina's European perspective as well as the country's sovereignty and territorial integrity. He did so again during a visit to Bosnia and Herzegovina on 12 April, shortly after the Serbian Parliament adopted a resolution condemning the war crimes in Srebrenica in 1995. This represents a major development that should contribute to further reconciliation and better relations between the two countries.

88. The President of Croatia also visited Bosnia and Herzegovina on 12 and 13 April and, publicly expressing his deep regrets for Croatia's role in the atrocities committed in the 1990s, demonstrated his readiness to lead by example when it comes to reconciliation.

89. Turkey has also been very active in fostering improved relations between Bosnia and Herzegovina and its neighbours, in particular with Serbia. Through the organization of high-level trilateral meetings with Bosnia and Herzegovina and Serbia on one side and Bosnia and Herzegovina and Croatia on the other side, Turkey has actively attempted to contribute to further improve relations in the region. On 24 April 2010 in Istanbul, the Heads of State of Bosnia and Herzegovina, Serbia and Turkey signed a joint declaration designed to stabilize and enhance mutual relations between Bosnia and Herzegovina and Serbia. In addition to specifying areas of cooperation and confirming Bosnia and Herzegovina's territorial integrity, it envisages high-level bilateral visits of the Bosnia and Herzegovina joint Presidency to Belgrade and of President Boris Tadic to this year's commemoration of the genocide in Srebrenica. Other senior representatives from the region have also indicated their readiness to attend the Srebrenica commemorations.

XIX. Future of the Office of the High Representative

90. The Peace Implementation Council Steering Board met at the level of political director twice during the reporting period, on 19 and 20 November 2009 and again on 24 and 25 February 2010. At both meetings, the Peace Implementation Council expressed its concern over the political situation in the country and, in particular, regarding the lack of progress in addressing the remaining objectives and conditions for the closure of the Office of the High Representative. As a result of the Bosnia and Herzegovina authorities' failure to meet those objectives and conditions, the Steering Board has thus far been unable to take a decision on the closure of the Office of the High Representative. The next meeting of the Steering Board of the Peace Implementation Council is scheduled to take place on 29 and 30 June 2010.

91. While working towards transition, the High Representative has decided to reduce the staff in the Office by over 20 per cent as of 1 July this year. In consequence, the Mostar office will be closed, and there will be significant staffing reductions in the Brcko District office. Reductions are also planned in the offices in Banja Luka and Sarajevo. As of July 2010, the Office of the High Representative will have a total of 168 staff members.

XX. Reporting schedule

92. In keeping with the proposals of my predecessor to submit regular reports for onward transmission to the Security Council, as required by Security Council resolution 1031 (1995), I herewith present my third regular report. Should the Secretary-General or any Security Council member require information at any other time, I should be pleased to provide an additional written update. My next regular report to the Secretary-General is scheduled for November 2010.